



January 13, 2004

William A. Corbus, Commissioner
Department of Revenue
State Office Building
333 Willoughby Ave., 11th Floor
P.O. Box 110400
Juneau, AK 99811-0400

**Subject: Application for Development of a Fiscal Contract under the
Stranded Gas Development Act**

Dear Commissioner Corbus:

Enclosed is an application submitted by ConocoPhillips Alaska, Inc. and BP Exploration (Alaska) Inc. for development of a contract under AS 43.82.020 (the Stranded Gas Development Act).

We believe this application supports a finding that we satisfy the requirements of a qualified sponsor group, and have submitted a qualified project plan as required by the Stranded Gas Development Act.

Of the possible options to bring stranded ANS gas to market, the application reflects two of the possible pipeline routes that were studied as part of the joint feasibility work completed in 2002. This is to reflect the full context around alternatives considered.

While a commercial project has not yet been identified, ConocoPhillips is only interested in a Southern route project. Both parties acknowledge existing State policy supporting a Southern Route and the State's current legal limitations on providing a right-of-way per AS 38.35.107 (the Right-of-Way Leasing Act).

We request your approval of our proposed application and look forward to working with the State to develop fiscal contract terms as provided in AS 43.82.


Sincerely,



Joe Marushack

Vice President

ANS Gas Development

 ConocoPhillips Alaska Inc.



Ken Konrad

Sr. Vice President

Alaska Gas

BP Exploration (Alaska), Inc.

Cc: Governor Frank H. Murkowski
Tom Irwin, Commissioner, Department of Natural Resources
Gregg D. Renkes, Attorney General
James F. Clark, Chief of Staff